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THE LABOR POLICY OF THE SHIPPING BOARD

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There is no other field of industry in which the responsibility for industrial relations rests as largely with the federal government as is true in the case of shipping. At the present time, the United States Shipping Board is probably the wealthiest corporation in the United States, and certainly by far the largest shipping organization in the world. On June 30, 1920, the Shipping Board was itself operating—through private companies acting as its agents—about 1,500 sea-going vessels representing an investment of perhaps \$2,000,000,000 or \$3,000,000,000, and employing approximately 60,000 seamen. On the same date the Board was employing in shipyards, through the medium of lump-sum and cost-plus contracts, another force of about 75,000 men, completing vessels which will ultimately very considerably swell the already large government-owned fleet. Along the waterfront the services of approximately 100,000 longshoremen were employed a greater or lesser portion of the time in loading and unloading the Shipping Board's vessels. In all this field the government is for all practical purposes the big employer. True, the Shipping Board engages private operators to manage its vessels, lets out to stevedores the loading and unloading, and contracts with shipbuilders for ship construction and repair. But as long as the Shipping Board pays the bills, makes the profit, and stands the loss, the Board must

inevitably control the general policies and limits within which the companies who actually employ and pay the men must work. Not only this, but because of the dominating position which the Shipping Board occupies, the Board's action or inaction has had in the past and must continue in the future to have a predominant influence over the development of industrial relations in the entire field of shipbuilding, ship operating, and ship stevedoring, regardless of whether the particular concern involved be under the Shipping Board or altogether privately owned.

The policy which the Shipping Board follows toward labor should, therefore, be a matter for real concern not only to every citizen of the United States who is interested in the labor problem, but to all those who are concerned about the successful development of America's overseas commerce. It is, however, especially important that thought be given to the question at this time; for it happens that the Shipping Board is at the present juncture engaged in a reformulation of its labor policy, which, if carried to completion, will alter fundamentally the scheme of industrial relations, as it was being worked toward during the greater part of the Shipping Board's career. A more opportune moment, therefore, could hardly be selected for (1) an explanation regarding the chief features of the Shipping Board's labor program as it existed, let us say, a year and a half ago; (2) a statement regarding the modifications in policy by which during the past few months a practically new aim has been substituted; and (3) an inquiry into the fundamental question as to what policy ought to be followed by a great governmental organization which holds in its hands the guidance in labor matters of a great key industry. These are the vital questions which will be kept in mind, first in a brief review of labor developments in the separate branches of the shipping industry, as shipbuilding, longshore work, and marine operations, and then in a general discussion, taking up in one place the subject of Shipping Board labor policy taken as a whole.

In order to put in its true perspective the narrative which follows, it might be remarked that absolute unity of labor policy has been impossible of realization, even at any one moment, in an organization as large and complicated as that of the Shipping Board,

especially in view of the constant shifting in personnel. The practical operations of the Shipping Board have, to a very large extent, been in the hands of a small group of shipping men who represented in their former associations a group particularly hostile to trade unionism. But, on the other hand, there have been most of the time on the Shipping Board and in the Shipping Board organization individuals who have frankly sought to make the Board's policy one of meeting the unions half way, and enlisting the support of these voluntary associations in the building up of methods and agencies of adjustment which would be co-operative rather than dictatorial or one-sided in their operation. In view of this conflict of view, and face to face with an industrial problem as great, at least, as that of the Steel Corporation, it would have been surprising had there not been continually going on within the Shipping Board itself much of the same conflict of opinion which has, during the last few years, characterized the discussion and handling of labor questions in the country at large. Taking the career of the Shipping Board as a whole, however, it would be safe to say that, as a result of the Shipping Board's activities with respect to shipping, the marine, longshore, and shipbuilding industries of the United States soon became much better organized for the peaceful and democratic adjustment of labor questions than they had been in August, 1917, when the influence of the Shipping Board first began to be felt; and that further, as a result of the example thus set, the greater part of the employers and employees in the industry are today desirous of continuing friendly and co-operative relations. It is with a view to helping preserve whatever good there may be in that which has been worked out that this review of the ups and downs in industrial relations during the last three and a half years is attempted.

As it is our intention to discuss the past only as it bears on the problems of the future, no effort will be made here to outline the great work connected with ship construction, largely of an employment-management character, which was done during the war by the Division of Industrial Relations of the Emergency Fleet Corporation. Educational and personnel work, particularly in ship construction, will not again be attempted by the Shipping Board,

now that the war emergency is past; or, if such work is revived, it will be a different problem from that of the development of the fundamentals of industrial relationship with which we are primarily concerned at this time.

Our survey should begin, therefore, with the method set up in ship construction for the establishment of wage rates and conditions of employment which would satisfy and attract the workers, maintain industrial peace, and at the same time prevent employers, many of whom were operating on a cost-plus basis, from disrupting and unsettling the labor market by reckless competitive bidding. To accomplish these purposes, the Emergency Fleet Corporation and Navy joined with the American Federation of Labor in September, 1917, in the setting up of what was officially called the Shipbuilding Labor Adjustment Board, but more commonly spoken of as the Macy Board. The Macy Board made a number of wage awards, which were enforced, and indeed paid for, by the Emergency Fleet Corporation, the last general awards being those of October 1, 1918.

The Macy Board had been making awards once in six months, in order to keep wages abreast of the rapidly mounting cost of living. When, however, April 1, 1919, arrived, it was found that no very great increase in prices had occurred since October; and moreover persons generally supposed that the cost of living and wages, too, would shortly begin to fall. Under these circumstances the Emergency Fleet Corporation announced that it would follow the October 1, 1918, award until October 1, 1919, in the meantime discontinuing the Macy Board. The pledge to maintain these wage rates seemed at the time to be a rather liberal policy.

Before October 1, 1919, a number of unexpected things were, however, to happen. For one thing, both wages and the cost of living, instead of going down, continued to move upward. Especially in the building trades, which are the trades most closely allied to ship construction, wages began to rise to a noteworthy extent, so that, though during the war the Macy rates had been purposely made liberal so as to attract the necessary labor, by October, 1919, they were no longer to any marked degree above normal. On the contrary, there were particular occupations, as for instance those

of coppersmith and common laborer, for which it was very difficult if not impossible for the yards to get labor at the authorized rates. As the fall of 1919 approached, there were accordingly many requests from both shipyards and employees for the revision of specific rates, as well as for general wage advances, especially on the Pacific Coast.

To make reasonable adjustments in an orderly way, it was proposed in various quarters that a board, somewhat analogous to the Macy Board, but made up primarily of representatives of the shipbuilders and the employees' unions—in place of the Shipping Board, Navy, and unions—be recreated. In fact, this had been the plan of the Emergency Fleet Corporation at the time the Macy Board had been dissolved. And many efforts had been made by the Fleet Corporation toward this end, both before and for some months after April 1. While the brunt of the actual negotiations and working out of rates would under such a plan be borne by the private shipbuilders rather than by the government, the Shipping Board would of course have to agree either to accept the rates settled upon, or at least to consider them as recommendations upon which it would formally act. Otherwise the Board could not function on any important question.

By October, 1919, there had, in accordance with this plan, been set up for the East the Atlantic Coast Industrial Board, to which eventually perhaps 60 per cent of the shipbuilders became parties. But meantime important changes had taken place in the personnel of the Shipping Board; and also a new element had been introduced into the government's labor policy. It happened that, in August, the President had, in a proclamation to the railroad men, insisted that labor should withhold demands for wage increases pending the working out of plans for a reduction in the cost of living. Also the President had issued a call for the first industrial conference.

While the Shipping Board imposed no obstacle to the private shipbuilders and the shipyard workers getting together in any way in which they might see fit, the chairman of the Board announced that, after October 1 as before, the Board would not stand any increased expense as a result of increases in rates over the Macy

award rates of October, 1918. Later on, the first industrial conference broke up without reaching any conclusion; the cost of living rose decidedly; and the railroad men, as well as men in many other occupations, received wage advances; nevertheless, the policy outlined by the chairman of the Shipping Board (on September 30, 1919) has never been receded from; the Industrial Board has never functioned on any important question; and two special boards, the one set up in New Orleans, and the other established by agreement between the Bethlehem Shipbuilding Corporation and the unions, have also had to choose between doing practically nothing and running counter to the policies of the Shipping Board.

On the whole, the effort to perpetuate in the shipbuilding industry the rates of the last Macy award has been more successful than anyone would have anticipated. Shipbuilding wages are now much below those in the building trades—the differential in places having become as wide as that between \$1.25 and \$0.80 an hour—and yet work goes on; though not, it is true, without a considerable number of strikes, one especially—in San Francisco—having been costly. Probably the curtailment of work in the building industry, together with the decrease in the number of men needed in shipbuilding itself, has been an important factor in holding the Macy rates.

Those familiar with conditions in the shipbuilding industry do not, however, believe that the wage problem or the labor problem has really been solved. The Shipping Board has all power, and by insisting doggedly on one set of rates, it has been able to preserve an illogical system long beyond its time. (The New Orleans employers, breaking away from the Shipping Board's policy, have, however, raised the Macy rates 10 cents. What will be the final outcome of this move is not yet apparent.) Just how long the Shipping Board might be able to stave off disruption may never be known; for shipbuilding—at least as far as the Shipping Board is concerned—is a rapidly declining industry. When the private employers again assume control, little more than a memory of the system of wage adjustment developed during the war will, in all probability, be left.

Until within the last year, the direction of the labor policy of the Shipping Board as respects longshore and marine employees has been in different hands from those which have had charge of employees in ship construction; and, as it has happened, the course of events has run differently.

So far as longshore industrial relations are concerned, everything from August, 1917, until October, 1920, centered around the National Adjustment Commission. This body was the product of a voluntary agreement between the International Longshoremen's Association, the private shipping interests, and the United States Shipping Board (and other interested government departments), by which there was set up a system of national and local adjustment commissions, headed by a chairman selected by the Shipping Board and having other members representing respectively the union and the employers. Like many other war-time agencies, the National Adjustment Commission was at the time participated in only half willingly by the employing interests, and it was generally supposed that they would withdraw shortly after the armistice was signed. The notice of withdrawal was, however, never given—for the reason that the shipping men, on full consideration, felt increasingly convinced that the industry was better off with the commission than without it. The shipping men, indeed, were not altruists. In some of the ports where, owing to the employment exclusively of colored labor, they felt that they controlled the situation, the employers held out against giving the commission complete jurisdiction. But in the case of ports like New York, where the men are disposed to get what they want or fight, the shipping men believed that they benefited by the commission. During the war it had maintained almost perfect industrial peace, among a rather turbulent type of workers, and at a time when many industries were more or less convulsed by strikes.

The Shipping Board, as constituted last year, was also highly pleased with the workings and principle of the National Adjustment Commission, and in June, 1919, it took the initiative in inviting longshoremen and shipping interests to unite with it in replacing the war-time arrangement with a permanent peace-time agreement. All parties approved of this plan, and in September, 1919, the

National Adjustment Commission was formally reconstituted on what was intended to be a permanent peace-time basis.

The optimism of June and September, 1919, met a decided setback in October when the newly reconstituted commission made its North Atlantic award. Owing to the President's appeal of August against any substantial increase in wages while the government was making its attempt to bring down the cost of living, the commission made a very conservative award, giving the men an advance of 5 cents an hour, an amount ever so much less than the men had asked, and equivalent to about half the increase in the cost of living during the year. This award gave the political enemies of the president of the union an opportunity to assail his leadership, and an unauthorized strike took place which for about thirty days tied up shipping in New York, and also in New Orleans. (While the New Orleans strike roughly paralleled the New York strike, it was, in part at least, due to local difficulties of a factional nature.) There was perfect co-operation between the parties signing the agreement in fighting this strike, and it was ended by the men returning to work on the basis of the award. The unexpectedly small increase had been accompanied by a promise that if the cost of living did not come down the award would be reopened; and as by December 1, 1919, there was small evidence of any decrease in the cost of living, a new award was issued making the total increase in wages granted by the two awards equal to 15 cents an hour.

The above-mentioned strike at New York and New Orleans was the only important strike coming under the full jurisdiction of the National Adjustment Commission during the three years of its existence, the bitter coastwise strike of the spring and summer of 1919 having been outside the commission's jurisdiction. As a strike it was considerably shorter and less serious in its results than various other strikes among shipyard workers, seamen, and those longshoremen coming outside the commission's jurisdiction. In fact, the October, 1919, strike, because of the National Adjustment Commission agreement and the faithfulness to it of the officers of the union, resulted in a victory for the Shipping Board and the shipping men. While it is unpleasant to realize that even

under an agreement strikes have occurred, the incident did not turn the private shipping men and stevedores against the commission idea. On the contrary, they found in the existence of the commission the one thing which was relatively stable in what would otherwise have been a chaotic situation. Hence time has only strengthened the appreciation on the part of the steamship men of the practicability and value of the commission method.

As far as either the private steamship interests or the longshoremen are concerned, the National Adjustment Commission would, therefore, now be an established institution. But the Shipping Board, on its part, has during recent months questioned the appropriateness of this method of establishing wages. Perhaps the powerlessness of the Board to prevent the 5-cent and 10-cent wage increases last fall had a good deal to do with the origin of this feeling—this, of course, in addition to the unfavorable impression caused by the unauthorized strike. However that may be, the main reason for opposition to the commission would seem to be one of general theory: that it is not proper or wise for the Shipping Board to place in anyone else's hands the authority to establish wages, when the Shipping Board could do this itself, either directly, or by agreement with the union.

There are, of course, a good many different plans by which a labor board could be set up, and the necessity of choosing between different types might give rise to dispute. Objection might possibly be leveled against the constitution of the National Adjustment Commission on the ground that there should be more than one neutral member, or, on the other hand, that only the two sides ought to be represented; on the ground that the Shipping Board should have a direct representation on the employers' side, instead of appointing only the impartial chairman, over whom necessarily it has no control; or on the ground that the Shipping Board should have the right of approving or disapproving the awards when finally made. But it was not against any detail of this sort that the opposition to the commission centered. These might, if it was thought wise, have been altered. It was against the idea of having a commission—against the idea of tying the Board's hands

as regards direct action—that the mind of the Shipping Board became set.

Before taking any action, the Shipping Board consulted the private steamship interests and longshoremen, who were parties with it to the National Adjustment Commission agreement. The longshoremen were in favor of continuing the agreement, and so were the steamship men at the principal ports, especially at New York. Written communications were submitted to this effect; and also this position was taken at a conference called by the chairman of the Shipping Board to consider the question, in the middle of July.

The plan of the Board had, however, been formed, and on July 29 a resolution was passed, announcing by the required 60-day notice that the Shipping Board would, on October 1, withdraw from the National Adjustment Commission. The Board, in announcing this decision, stated that it would deal directly with the longshoremen's union. So in a second great field the Shipping Board has declared against the policy of encouraging or permitting the functioning of adjustment boards.

The third group of men which, perhaps more than any other, falls within the special province of the Shipping Board is made up of the officers and crews on the Shipping Board's own vessels. During the war the interests of the Shipping Board in this field were so paramount (the Board had few vessels of its own, but it had requisitioned practically all Atlantic shipping) that both ship owners and seamen voluntarily gave to the Shipping Board the right to fix wages and working conditions for all Atlantic shipping. Although in a sense this was an arbitrary power, the Shipping Board exercised it in as open and co-operative a manner as possible, calling both ship owners and seamen into constant conference, and striving to set up representative adjustment bodies wherever practicable.

After the armistice the Shipping Board hastened to surrender this power, and it sought in the spring and summer of 1919 to get ship owners and seamen to agree to the setting up of a marine council, modeled largely on the National Adjustment Commission, but obtaining its inspiration in part from the industrial council movement then prominent in England and to some extent making prog-

ress in this country. The ship owners were favorable to taking the plan up; but the seamen, unlike the longshoremen, were disinclined to become a party to any commission.

During the conference called to consider this project, a very determined struggle took place over the question as to whether or not the members of the International Seamen's Union should have preference in employment. The union at this time believed that some of the ship owners were trying to undermine its organization by employing non-union men from the West Indies; hence their determination that they would not enter into any agreement unless they were sure that the employers really intended to do business with the union. In the excitement and delay that arose over this issue a strike broke out, and although there had originally been no wage demands, except a rather apologetic demand in one department, the strike soon became general and eventually centered largely around wages and conditions.

It was the break between the war status and peace equilibrium. After about three weeks of strike, the men went back to work on the basis of substantial increases in pay and improvement in conditions, though without union preference. The union preference was unnecessary, for during the strike practically all the men had become organized.

At this time there became established the policy which the Shipping Board has since followed with the marine unions, and which, with some modification in spirit and emphasis, is still in effect. It is to leave to the American Steamship Owners' Association on the Atlantic coast, and also to the corresponding group of steamship owners on the Pacific coast, the task of threshing out in direct negotiation with the unions all questions of wages and conditions and of arriving at the text of a specific trade agreement. The Shipping Board follows rather closely the progress of the negotiations and, when an understanding has been reached, signs the agreement, and by formal resolution of the Board orders that the wages and conditions which it contains be observed on all vessels operated for the Shipping Board.

Under this plan the Shipping Board has in fact worked very closely with both the private ship owners and the unions, and it

has found the unions to be of great assistance in convincing the men of the importance of working for wage scales reasonable enough so that the American merchant marine may be in a position to compete with the merchant marines of foreign countries. Since July of 1918, more than a year has passed without a strike, without an increase in wages, and with the best of relations existing between the Shipping Board, the American Steamship Owners' Association, and the unions.

In fact, so cordial is the present relationship that it has been possible to go this year a part of the way along the path which was tried last year but failed. After more than a year of effort, the various marine unions on the Atlantic and Gulf have at last consented to the setting up of a permanent committee made up of representatives of the employers and the unions, with power to hear grievances and make interpretations of working rules in the interim between the making of the annual agreements. Thus a significant step has been taken toward the organization of the marine industry on a basis that will mean a larger measure of unity among ship owners and seamen, and a greater degree of co-operation and mutual understanding between the two.

While the plan of industrial relations is at present running along with less of opposition in the instance of the seafaring employees than in the case of the shipyard or longshore employees, nevertheless the plan which has been developed as the result of several years' experience is even here not a settled matter. The question has in recent months been very definitely raised whether the Shipping Board should continue to be a party to an agreement with an association of its employees. Should not the government treat all citizens alike, whether they belong to a union or not? Should the government bind itself to any agreement? Should not the government determine its own policy, consult the men when possible, but itself decide what is right and put it into effect?

With this question in mind, the Shipping Board has with great reluctance consented this year to a renewal of the wage agreements with the seamen. It has not only hesitated to give its consent but, departing from its custom of a year's standing, it has raised issues in the negotiations which for a time threatened to make

any agreement impossible, endeavoring to alter in important particulars the agreement already reached by the private steamship interests and the unions. So far, the Shipping Board has not departed from its policy of entering into agreements, but it will be one of the main questions of the next year as to whether after the season of 1921 the Shipping Board shall continue to be a party to any trade agreement.

In turning from this brief narrative of the relations between the Shipping Board and labor during the past three and a half years to a critical examination of the various methods of adjustment followed, it should be pointed out that the Shipping Board in all its efforts to work out a sound labor policy was greatly handicapped by the failure of the National Administration to promulgate any clearly defined labor policy. In particular, the Macy Board, whose decisions very early made a great impression on the public mind, was compelled to make its awards in the face of a general industrial situation which had become extremely difficult of handling. The conditions under which the Macy Board was compelled to do its work—a better knowledge of which would have saved much unwarranted criticism and prejudice touching the work of the Board—may be stated in a word as follows: (1) Before the United States entered the war, considerable areas of unheard-of high wage rates had been created by the placement of foreign war contracts with enormous bonuses for early delivery; this led manufacturers to offer enormous wages to attract skilled workmen in sufficient numbers to assure early delivery, and the earning of the large bonuses. (2) After the United States entered the war, the placing of great numbers of cost-plus contracts led private manufacturers greatly to extend the areas of high wages as the easiest way to attract skilled workers—and thus increase their profits. (3) There developed a vigorous bidding-up of wages, private manufacturers being in competition both among themselves and with the government, and the government departments themselves being in direct competition with one another—the government having made no adequate provision for co-ordinating its departments, although the labor activities of each of them were vitally affecting both the other government departments and private business all over the country.

(4) It became of the utmost importance to standardize wages in shipbuilding, in order to prevent constant migration of labor from plant to plant and from one section to another. (5) Wages in shipbuilding had to be fixed at the highest level even in these days of unduly high wages because, the shipbuilding industry being practically new in this country, it was necessary to attract large numbers of men from other callings.

This labor situation, tending as it did to become constantly worse, was one which should from the beginning have been dealt with as a single national problem; but, instead of this being done, each industry was left to work out its own salvation. The Shipping Board, though perhaps the greatest sufferer from the lack of any unified policy, was not in a position to control what was done elsewhere. The Macy Board had to standardize wages along the lines made necessary by the confused state of the industrial situation. Had it not been for this standardization, wage rates would, under war conditions, inevitably have gone much higher than they actually did. But among some government departments, and in the minds of many private business men who did not and do not yet understand the difficulties under which the Macy Board was laboring, there arose a prejudice against the Board and against the whole idea of arbitration which helps to explain the difficulty of commanding government and public support for even the very excellent and successful system of arbitration which, in spite of all difficulties, was developed in a considerable portion of the Shipping Board's work.

Taking up now the labor policies of the Shipping Board, both during the war period and from the armistice down to the present time, it may be seen that there are three possible ways of dealing with employees. One method is for the government to become a party to, or encourage the setting up of, representative labor boards or commissions which will have either absolute or recommendatory powers over wages, conditions, etc. The Macy Board, the National Adjustment Commission, and the marine grievance committees are examples of plans of this sort. The second plan is for both the government and the employees to keep their hands free in the long run, but from time to time to enter into trade agreements, binding

themselves mutually to observe certain conditions and maintain uninterrupted service for periods of a year or more. The third plan is for the government to direct its labor policy by fiat, perhaps listening from time to time to arguments advanced by the employees or their representatives, but reserving and exercising the right of taking such action as the heads of the Shipping Board may deem desirable without waiting for or desiring that an agreement be made, or turning over to any commission or agency of adjustment the right to decide controverted matters or make recommendations.

During the last year the three branches of the shipbuilding and ship-operating industry have illustrated the three methods of dealing with industrial relations. In the longshore industry there has been a commission, in the marine industry trade agreements, and in the shipyards fiat. But while there has been so far a variety of method, the tendency of any individual or organization to reduce all its dealings to a single system will not permit such diversity of procedure to last indefinitely. The Shipping Board is one organization, under one head, and having one labor department. There can be no question but that, whatever may be the proposal for the present, in the long run an effort will be made to bring the industrial-relations policy in each field to that standard method which the Board at heart feels to be most desirable.

It is not very difficult to guess toward which of the three alternative policies the Shipping Board is at the present moment headed. Certainly the Board has no intention of following the first method, that of utilizing labor boards or commissions. Since the dissolution of the Macy Board in 1919, the Shipping Board has with great vigor forestalled every effort of private interests or the Navy to set up again in the shipbuilding industry any effective adjustment board. Now the Shipping Board has taken a yet more decisive step in withdrawing from the National Adjustment Commission, a body which the Shipping Board itself set up in 1917, and re-created as a permanent peace-time organization in 1919, and which both the employers and employees concerned were practically unanimous in desiring to have continued.

Is, then, the Shipping Board tending toward what we have called the second method of adjustment, that of entering into trade

agreements with the unions? That is what the Board assures the longshoremen in announcing its withdrawal from the National Adjustment Commission. But almost in the same breath the Board announces to the unions of licensed officers and seamen, with whom it has concluded eminently satisfactory agreements, that it enters into agreements with great reluctance, that if the agreement does not suit it will not sign, and that in any case it will not commit itself to the policy of signing agreements for more than one year from date. If beyond next summer the Shipping Board continues to be a party to trade agreements with the longshoremen or anyone else, it will be either because the Shipping Board cannot avoid it or because it has had a change of heart.

How then will the Shipping Board conduct its industrial relations? Very simply. It will leave details to the shipyards, the stevedores, and the operators of Shipping Board vessels. They may handle their problems as they wish. But when it comes to costs, to the rate of wages paid, to questions of overtime, hours, the right of union representatives to visit vessels, and anything else that effects the profits or free hand of the Shipping Board, on all these questions the Board will lay down its own policy, which must govern all who come under its authority.

Glancing back once more over the career of the Shipping Board, it may be said that the basic struggle within the organization has been between two tendencies. On the one hand there has been the policy, at one time in a clear ascendancy, to turn as much as possible of the direction of labor questions over to the actual operators and builders of ships on the one hand, and to associations of the men on the other, the Shipping Board helping to keep things going and guarding the public interest, but depending on organizations within the industry for a maximum amount of self-direction. On the other hand, there has been an inclination, from the first existing alongside the other but during the last year or more rapidly encroaching on it, to resist any notion of systematic consultation, scrap all machinery coming in between the Board and its operators and employees, and have all important matters decided by direct act of high authority.

It is one of the most natural things in the world that, considering the character of boards and individuals, this last-mentioned tend-

ency, toward centralization of authority, should have made strong headway. The Shipping Board is officered by men who have a very keen sense of public duty. Those heading the organization have the herculean task of making a financial success of the greatest business organization that the world has ever known. There are perils on every side. There are many people who are working for things which the heads of the Shipping Board feel would mean the ruin of the merchant marine, or at least its serious injury. Councils are divided. What more natural than that an energetic man, devoted to his work and to his country, should take the short cut, and himself direct that the policies which he believes are essential should be carried into execution? Does an executive ask for checks? Does a party in power usually ask that its acts be reviewed before they are put into effect? Why should not the organization which owns the great bulk of America's ships say: We will not bother with commissions or agreements. We will declare our own policy. People may come to see us if they wish; but we will decide.

Unfortunately for those who would argue for this policy, the question as to what the Shipping Board itself would like to do, or naturally tends to do, does not at all settle the question. The Shipping Board is not in the position of the owner of a private business, who often runs his business very much to suit his own notions. Not only is the Shipping Board answerable to the electorate of the country, but there are two great groups of persons in the country who are perhaps even more interested than the Board in many of the decisions which the Board reaches, two parties whose interests the government has no right to neglect, and whose well-considered treatment is, in fact, indispensable to the success of the very program which the Shipping Board is trying to carry out—namely, the private ship owners, and the several hundred thousand men whose life-work lies in the shipping industry.

As the final phase of our inquiry, we will consider, therefore, the question as to what sort of labor policy the Shipping Board will have to pursue if it is to protect the rights and interests and secure the effective co-operation of these two groups.

A few words will suffice to show that the present attitude of the Shipping Board is bound to militate against the interests of the

privately owned shipping industry. The Merchant Marine Act, 1920, announces that the permanent policy of the United States is to build up a privately operated merchant marine. This ultimate goal should therefore be kept in mind in all the plans which the Shipping Board makes; and the policies of the Board should all of them pave the way for the turning over to private owners, and the operation thereby, of the bulk of America's ships. That is, besides considering what the Shipping Board would like to do itself, the Board should try to build up agencies and methods that will permit of a gradual shifting from public to private control, as the ships themselves are transferred.

How, then, can this aim of building up private initiative and control be reconciled with the scheme of settling labor problems by fiat of the Shipping Board? The Board, it is true, speaks only for its own vessels. But when the Board owns far more than half of the overseas tonnage, a policy of independent action on the part of the Board renders impossible any high degree of organized negotiation on the part of the private ship owners. A minority of the employers in an industry where labor is as fluid and competition as intense as in shipping cannot safely enter into an agreement to pay certain wages for a certain period of time; for the owner of the majority of the vessels by offering higher or lower wages could outbid those who had entered into the agreement for labor, or underbid them in competition, as the case might be. The ship owners and stevedores on all the coasts of the United States realize this, and for several years they have entered into agreements jointly, the Shipping Board being a party thereto. They are intensely desirous of continuing this practice both to hold the labor market steady and to preserve industrial peace. Is it prudent for the government to step in and because of its temporary ownership of a great number of ships break up the plan of action which the private interests desire to continue and retain as a permanent part of the system of operating shipping?

For the time being, the Shipping Board might indeed announce its rate, and the private interests would probably follow. But why set up a brand-new system of government domination in this industry, when it was the intention of Congress that the Shipping

Board prepare to withdraw? Is this the proper way to encourage the development of private ship operators and associations, competent to handle their own affairs? Is this preparing the longshoremen and seamen to deal harmoniously, or in any other manner, with the men whom it is intended to make their permanent employers? The plan breathes the spirit of bureaucracy. It is not consistent with the Merchant Marine Act.

But perhaps the government will never withdraw from the shipping industry. In that case, and indeed whether it withdraws or not, there is still the second great group of interests to consider, namely, those of labor. No one who reads a newspaper, or who has at all followed the course of events in the last few years, can fail to realize that the United States and the world are face to face with an unsolved labor problem. Not only is there a large question of justice involved, but there is the great question of the efficiency of labor, including the lessening of strikes, and the building up among employees of a more loyal and intelligent attitude toward their work. What attitude ought the government to assume toward labor in an industry where for the time being it is a controlling factor?

Until March 4 next, there should be no higher authority on this question, at least as far as the governmental departments are concerned, than the declared policy of the President of the United States. President Wilson, unfortunately, has been ill for some months; but just after his return from Europe, when he supposed that the international crisis was on the way to a settlement, he delivered a message to Congress on the domestic situation. This message, read in Congress on May 20, 1919, was the President's keynote speech for the era of reconstruction which he hoped his administration would inaugurate—and the last general message which he wrote to Congress prior to his illness. The President's first reference was to labor:

The question which stands at the front of all others in every country amidst the present great awakening is the question of labour. . . . .

By the question of labour I do not mean the question of efficient industrial production. . . . . I mean that much greater and more vital question, how are the men and women who do the daily labour of the world to obtain progressive improvement in the conditions of their labour, to be made happier,

and to be served better by the communities and the industries which their labour sustains and advances? How are they to be given their right advantage as citizens and human beings?

We cannot go any further in our present direction. We have already gone too far. We cannot live our right life as a nation or achieve our proper success as an industrial community if capital and labour are to continue to be antagonistic instead of being partners. If they are to continue to distrust one another and contrive how they can get the better of one another . . . . That bad road has turned out a blind alley. It is no thoroughfare to real prosperity. We must find another, leading in another direction and to a very different destination. It must lead not merely to accommodation but also to a genuine co-operation and partnership based upon a real community of interest and participation in control.

There is now in fact a real community of interest between capital and labour, but it has never been made evident in action. It can be made operative and manifest only in a new organization of industry. The genius of our business men and the sound practical sense of our workers can certainly work such a partnership out when once they realize exactly what it is that they seek and sincerely adopt a common purpose with regard to it.

Labor legislation lies, of course, chiefly with the states; but the new spirit and method of organization which must be effected are not to be brought about by legislation so much as by the common counsel and voluntary co-operation of capitalist, manager, and workman. . . . Those who really desire a new relationship between capital and labour can readily find a way to bring it about; and perhaps federal legislation can help more than state legislation could.

The object of all reform in this essential matter must be the genuine democratization of industry, based upon a full recognition of the right of those who work, in whatever rank, to participate in some organic way in every decision which directly affects their welfare or the part they are to play in industry. . . . The members of the committees on labour in the two houses will hardly need suggestions from me as to what means they shall seek to make the federal government the agent of the whole nation in pointing out and, if need be, guiding the process of reorganization and reform.

The President speaks of the federal government pointing out, and, if need be, guiding the effort to realize the reforms and reorganization, of which he so eloquently speaks. In the light of this basic statement of policy, what should be the attitude of the Shipping Board toward collective bargaining?

Of the three possible alternatives, the direction of labor policy by fiat may be immediately dismissed as wholly inconsistent with the President's program. Fiat, to be sure, is sometimes necessary,

and it sometimes enters as an element into the two other methods of procedure; but it is inconceivable that fiat could be the *basis* of any program of industrial relations which could be said to conform at all to that outlined by the President. Germany ruled by fiat; there are corporations in this country that rule their employees by fiat; but does anyone dream that *fiat* was what the President had in mind when he spoke of

a new organization of industry . . . . a genuine co-operation and partnership based upon a real community of interest and participation in control . . . . the common counsel and voluntary co-operation of capitalist, manager, and workman, . . . . a full recognition of the right of those who work, in whatever rank, to participate in some organic way in every decision which directly affects their welfare or the part they are to play in industry.

Fiat, in human relations, is the makeshift of despair; a confession of failure to get along by understanding and negotiation; the open break with those with whom one ought naturally to get along—owing, perhaps, to some unendurable conduct, either on their part or on one's own. It is not normal. It is not a basic policy, in business, in government, or anywhere.

Having disposed, as we may hope, of the question as to whether there is any justification for shifting from the more conciliatory labor policies to that of fiat, it yet remains to take up the more difficult question of the two permissible alternatives, the labor adjustment board versus the trade agreement.

It is not always that the choice between these two methods of adjustment is an open one. We have noted that while adjustment boards have actually been set up in two branches of the shipping industry, in the third the unions would not have it. The officers of the International Seamen's Union felt, in common with some others among the ranks of labor, that the workers' representatives are apt to get the worst of things when they have to face the delays and intricacies of Board diplomacy, and that the men are on a much more even footing with the employers when issues are threshed out in open conference, with the workmen sustained by their ability to strike. In most cases, however, it is clearly within the power of the Shipping Board to set up labor boards, and even the Seamen's

Union has recently gone so far as to indorse the principle of joint grievance committees.

When the choice is open between a system of adjustment boards and a plan of blunt collective bargaining, a little reflection should make it clear that a government department ought not to hesitate a moment in deciding which it would prefer. For democratic and favorable to the men though plain collective bargaining in a sense is, the method constitutes little more than the groundwork for a really effective system of adjusting industrial relations. There are at least four very important reasons why the government especially, but also the employers and men, should all give preference to that type of collective bargaining in which the board or commission holds a conspicuous place, rather than that type which chops off relations directly after—or maybe before—the annual agreement is reached. It is understood, of course, that there is no absolute opposition between the trade agreement and the joint board; and that what we are really discussing here is the issue of the trade agreement standing alone versus the trade agreement which heads up at some point through a representative board. As between these two alternatives, the chief reasons why it is toward boards rather than away from them that the Shipping Board should move, if it really wants collective negotiation, are as follows:

1. Any agreement, no matter how carefully drawn, needs interpretation, and also somebody to look after administration or enforcement as among the parties. The very least that will suffice to make an agreement work smoothly is, therefore, some permanent committee which can either hold regular meetings or be subject to call, in between the times when the annual agreements are negotiated. Much of the work of any commission or board consists of this work of interpretation and administration.

2. The trade agreement is too apt to be negative, laying down the conditions on which the men will work, but not affording adequate opportunity for constructive co-operation between employer and employee. If there exists some permanent organization, and the employers have in mind some improvement in method, of which, however, they fear that labor may be suspicious, it

becomes possible for the employers to lay the proposed change in methods or conditions before the representatives of labor, and secure the co-operation of these representatives in gaining the assent and help of the men. Also labor will often have its ideas of wastes that can be lessened or improvements made which can be communicated to the employers if there is a joint body and organization always available for such an interchange of views and information.

3. The trade agreement assumes the right and the ever-open alternative of striking. If the strike is not allowable, then collective bargaining is not bargaining: for what element of bargaining enters in, if one side presents a demand, and—if it is not agreeable to the other side—they are simply told that they cannot have it, and that ends it? The trade agreement, resting alone, is therefore simply a bridge over the chasm of a strike, and it may give way at any time. Ordinarily the existence of a commission or board does not obviate the *possibility* of a strike. But a strike is less likely, especially if there are intelligent third parties to help give balance to the board. The expectation is that the parties becoming signatory to an agreement creating a commission will get along without striking; that is, work out their problems on the basis of justice and mutual understanding and accommodation, rather than by force. If both parties do not act in this spirit, the commission will fail, and there may be strikes or other disorganization of work. But the commission stands for the idea of co-operation.

4. It seems probable that a board or commission, properly set up, will bring about greater unity on the part of the employers, perhaps also on the part of the employees. This was a very vital point in favor of the National Adjustment Commission. Up to the time of its dissolution, the National Adjustment Commission acted for all the deepwater steamship lines entering New York, both foreign and American. It is said that more than half of the vessels are foreign, and it is very doubtful as to how long the foreign lines, the American lines, and the Shipping Board can all act together through the medium of a trade agreement. Labor has a way of disorganizing forces that are only loosely bound together or not bound at all.

For these various reasons progressive private employers and union chiefs all over the world have been coming to realize that it is desirable to build up some joint organization of employer and employee, which can either be grafted on, or in some cases take the place of, the present simple process of periodic meetings, at which are worked out the traditional agreements. But where the setting up of labor boards is for private industry desirable, for a government which wishes to negotiate collectively it is practically necessary. It is conceivable that for a time the government might go through the form of entering into trade agreements, and seem by that process to be bargaining collectively. But where any real conflict of purposes exists, how is it possible to talk of a bargain between the government and a group of workingmen? The collective bargain is as a rule negotiated on the strength of the parties' power in the event of a strike. What chance is there that a strike between the workmen and the government would help to clear up a controversy on its merits, rather than turn on political power or the government's unrivaled strength—if, indeed, the right to a strike is admitted at all?

Both from the standpoint of its necessities and its dignity, then, what a government having dealings with labor has need to do is to work out processes more akin to adjudication than to bargaining, by which the parties themselves, as well as the public at large, may be convinced that a square deal has been given. This is precisely what the labor board is designed to do. If the principals in an industry in which the government is involved are opposed to boards, this might be a good reason why the government should be content to enter into the regular trade agreements, in order not to disarrange the plans of private parties. But where the parties themselves are favorable to joint boards, there would seem to be no reason at all for the government's backing out of the plan. The only question should be—What is the proper form for the board? The plea that the government wants direct collective bargaining can hardly be sincere. The plan is almost sure to relapse sooner or later, in spirit if not in form, into fiat.

The reasoning set forth above is indeed upheld by the precedents established by the federal and state governments on every occasion.

The setting up of a labor board has been ordered by Congress for the railways; the setting up of adjustment machinery has been recommended by the President's second industrial conference, not only for private industry, but for public utilities, and for government employees; the same plan has been followed by the President in dealing with the coal situation and in innumerable other crises, during both war and peace. In England as in the United States the idea of some form of representative body is universally looked upon as a factor in any plan for the elimination or easing of industrial unrest.

In short, the most pertinent question raised by an examination of Shipping Board labor policy is the question why a government agency, having once established adjustment machinery throughout almost all of its province, should on its own initiative set out to destroy that machinery. A governmental agency of all parties interested in industrial relations should be glad for any reasonable means of lessening the likelihood of strikes. Sometimes the government may feel that in particular instances it could do better by threatening to lock out the men than by submitting matters to a board. But that governmental body which would prefer to bring on a strike and the disorganization of industry rather than to submit its side of a controversy to arbitrators appointed, let us say, by the President, or, as in the case of the National Adjustment Commission, by the Shipping Board itself, that body should have reason to fear the reckoning of public opinion, which is not altogether enamored with the notion of strikes as the method of settling disputes. Sometimes a strike may be unavoidable; but it is hard to believe that a strike would be necessary in order to protect the government against an award of a board set up by the government's own plan and appointment.

During the year 1919 the Shipping Board, according to an estimate officially issued by it on December 4, lost \$37,000,000 because of strikes. How long will the public tolerate a policy that is not willing to go half way to avoid such losses? Surely it would seem that when both private employers and labor are anxious to move toward a better organization of the shipping industry, an agency of the government should not be the chief obstacle in the path of such a movement.

The more important concrete issues raised by the labor policy of the Shipping Board—and those concerning which it is feasible for the public to form some sort of opinion—include, therefore, the following: (1) the refusal of the Board for a year past to allow any re-establishment in the shipbuilding industry of a board comparable to the Macy Board, although labor, and a considerable portion of the employers, have favored such a step; (2) the insistence of the Board upon the maintenance of the Macy scale of October, 1918, two years after the award was made, and a year and a half after it expired, without leaving a way open for the slightest alteration, or recognizing that the rates—many of them long since obsolete—needed any other justification than the Board's own fiat; (3) the withdrawal October 1, 1920, of the Shipping Board from the National Adjustment Commission in the longshore industry, which the Board created in 1917, recreated in 1919, and which both of the other parties declared they wished to continue; (4) the warning to the associations of seamen and licensed officers that within a year the Board might withdraw from all marine trade agreements; and (5) the tendency, begun about a year ago, and growing much stronger, of giving ultimatums to both ship operators and employees with regard to what the Shipping Board intends to do, in most cases (especially under the present chairman) giving hearings, it is true, but, after all, deciding the largest issues without much deference to the views of the interested parties.

Any program as drastic as this is bound to meet with such opposition that it will not be carried through in its entirety. But before it goes any farther at all is it not worth while to pause and consider whether quite a different spirit is not necessary if the American merchant marine is to be a success, or the seriousness of the labor problem in this country lessened.

It is important that in government, as in private service, safeguards exist against the forcing of unreasonable and impracticable wages. Nevertheless the American merchant marine can never be made a success by a mere policy of bluntly holding down wages. Other countries will be more successful at that than ourselves. What will bring success to the American merchant marine, if success is to come at all, will be the infusion into it of the American spirit

of team work and co-operation, a spirit of devotion to the ship, and to the common enterprise. What is needed is more self-respect on the part of officers and men, rather than less; greater encouragement to independent thought and its free expression rather than suppression, a larger feeling of partnership in the enterprise, more of hopefulness, and, above all, some organization of operators and men which will mean that problems will be worked out by those closest to them rather than by some higher body, patriotic and able no doubt, but too busy and too far removed from details to give the attention that the highest success demands.

The shipping industry is one that is peculiarly open to sabotage on the part of beaten, discontented men. Without there being any strike or official union sanction, men with a grievance may by eleventh-hour desertion so delay the sailing of vessels as to bring upon shipping a total disorganization. No other industry is as open to this danger as shipping, and this circumstance is perhaps responsible for the English official recognition of unions. During the year just passed, the American public has learned to know what even a partial demoralization may do for railroads; and Congress has been seeking to create some workable basis of adjusting railroad disputes without the fearful costs that are bound to come from open friction. Why, at the very moment when not only Congress but the most far-seeing and able men in the industrial world are anxiously seeking means of avoiding and settling industrial disputes, should one of the chief government agencies gratuitously destroy such an agency, which has proved its worth to the extent of commanding the support of the majority of employers and employees?

For the moment the evil effects of a dictatorial attitude on the part of the government are not felt; for wages the country over are practically stationary, and, there being no great adjustment to be worked out, there is no likelihood of immediate struggle. The unfortunate aspect of the situation is this: that, having induced labor to accept a policy of arbitration during a period of rising prices when labor could have gotten much higher wages by striking than it got by arbitration, the government now breaks with the policy of arbitration and insists that, now that the tendency may shortly be toward falling wages, the decline shall take place without

labor in its turn having any protection against unwarranted decreases. Thus the very substantial sacrifice which the shipbuilding, marine, and longshore unions made during the war and since the armistice, in that, during a period when they held the whip hand, they voluntarily came forward and helped establish a system of arbitration, is apt to prove to have been in vain, if not worse than in vain, so far as the betterment of industrial relations is concerned. The government itself has decided that wage adjustments must be worked out by the old method of each party availing itself to the limit of changing conditions of supply and demand, rather than in some orderly and logical way. And when next conditions again give labor the upper hand, it will be hard to convince the men that they should a second time sacrifice temporary advantage in the interest of a more permanent industrial stability and peace.

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